

EXCLUSIVE

BY **NICK SOMMERLAD**
Chief Investigative Reporter



HE is already one of the wealthiest members of the Cabinet with an estimated £8million fortune on top of the £134,565 a year salary he gets as a minister and MP.

But the Mirror can reveal that Defence Secretary Philip Hammond has also managed to save himself a few more bob – by making an expensive “gift” to his wife Susan.

He has avoided thousands of pounds in tax after transferring his share of a £600,000 buy-to-let property to Mrs Hammond almost two years ago.

But when the Mirror questioned him about the large detached cottage in leafy Surrey the top Tory snapped: “What has it got to do with you?”

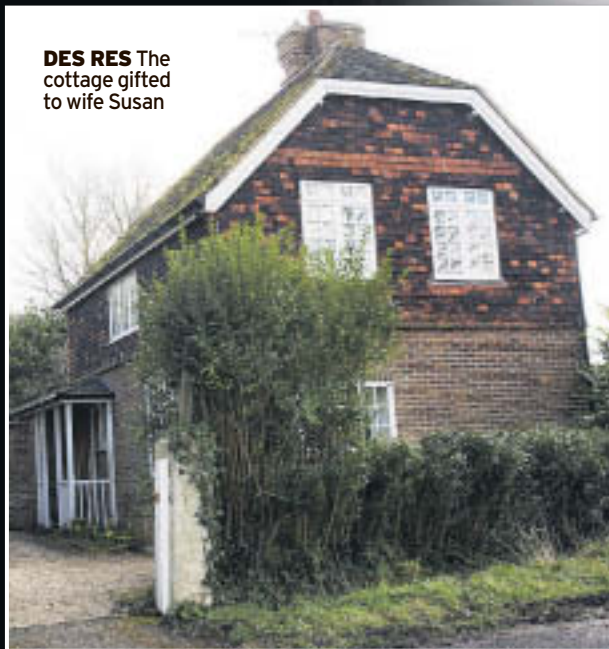
Asked if he signed it over to his wife to avoid paying tax, he replied, “Of course not”, before being whisked off in his ministerial limousine.

Switching ownership of the cottage is not illegal. But it may raise eyebrows at a time when tens of thousands of servicemen and women are losing their jobs due to Government cuts.

Mr Hammond’s spokesman later confirmed that Mrs Hammond was now responsible for paying all tax on the rent from the property.

But he refused to confirm how much she earned last year or how much the arrangement had saved the couple in tax, saying she was a “private individual”. Unless Mrs

DES RES The cottage gifted to wife Susan



HOT PROPERTIES
Cottage in Surrey and, left, London home

TAXING QUESTION

Our man Nick quizzes Philip Hammond yesterday
Pictures: IAN VOGLER

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HOUSE SWITCH The Hammonds

Hammond is a higher rate taxpayer, the move could save the couple up to £200 a month in tax.

Later yesterday Mr Hammond issued a statement denying that he gave the property to his wife to stay out of the top tax rate, which hits anyone earning more than £150,000 a year.

He said: “The distribution of property assets within a marriage is a private matter. However, the suggestion that the gift of my share in this property to my wife was designed to avoid the 50% tax rate on rental income is incorrect.”

Paul Kenny, general secretary of the GMB union said last night: “This is an underhand trick. He should do the decent thing and put the property back into his own name and pay his taxes.”

MP John Mann stormed: “It’s plain hypocrisy. Ministers are expecting other people to pay to full taxes.

“People will be horrified. They do not play these kind of tricks and they do not expect to see Government ministers doing it.”

Legal tax avoidance and illegal tax evasion is costing the Treasury around £35billion a year.

Expert Paul Brammall, of Gabelle Tax, said: “If a husband gives his half of a buy-to-let property to his wife then the wife becomes responsible for all the tax on the rent. But it has to be a gift of the entire beneficial ownership and the husband has to give up all future rights over the property otherwise HM

Mirror: About your tax? Tory: What’s it got to do with you?

Fury at millionaire Cabinet minister’s house gift ‘dodge’

Revenue and Customs could challenge the arrangement.”

Mr Hammond, 58, tipped as a possible successor to David Cameron as PM, has built up the most valuable property portfolio in the Cabinet. The buy-to-let cottage, next door to his main consti-

tuency home, was bought mortgage-free in 2005 for £315,000 and registered with the Land Registry four years later.

According to property valuation website Mouseprice, it is now worth £584,500 and similar houses in the area cost up to £2,000 a month to rent. At

first the property was owned jointly between Mr Hammond and his wife and the MP’s latest register of interests states that the pair still co-own it.

But Land registry records reveal that Susan took over sole ownership in April 2012. This could save the couple £2,400

a year in tax, unless Mrs Hammond’s other earnings push her into the higher 40% tax rate.

The transfer took place seven months after the taxpayer stopped picking up the tab for mortgage costs at the couple’s £3.3million London townhouse.

Mr Hammond had been claiming up to £24,000 a year in expenses from the taxpayer to cover the mortgage interest payments on the London property.

He continued to claim until September 2011 before new rules banned MPs from claiming mortgage costs in the wake of the expenses scandal.

Last week the Mirror revealed that Mr Hammond is one of several ministers who have made more money since the election from watching their properties rise in value than they have from their generous ministerial salaries.

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This is the slimy reality of MPs’ affairs

IF this happened in the Army Pay Corps, Sgt Hammond would probably be up on a charge. But he’s the man in charge of the services.

Now we know the lengths to which Philip Hammond will go to avoid paying what most will see as his fair share. The money trail to his bank account is too intricate for me to follow. It may be perfectly legal.

COMMENT

BY PAUL ROUTLEDGE, MIRROR COLUMNIST

But this grubby episode simply reinforces the widespread view that Dodgy Dave’s political pals are all in the money together, and to hell with the rest of us.

It also shows that Parliamentary oversight of MPs’ affairs is woefully



inadequate. Only when journalists like my colleague Nick Sommerlad turn over the stones do we see the slimy reality that lies underneath.

The fact that Phil “Maboots” Hammond thinks he can avoid public scrutiny just because the Mirror is asking the questions shows how aloof politicians still think they are.